Capital and Power

In the Global Political Economy

York University, Political Science 4291(0.3)
Fall, September 6 - November 29, 2007, Thursday 8:30-11:30

Course Director: Jonathan Nitzan
Office: S650 · Office hours: Tuesday 9:30-10:30, or by appointment
Voice: 736-2100 (ext. 88822) · E-mail: nitzan@yorku.ca · Website: www.bnarchives.net

OVERVIEW

DESCRIPTION

What is capital? Is it a material thing or a social relation? What is political about capital and how does capital relate to power? What is the role of capital in the broader global political economy? The seminar examines such questions theoretically and historically. The first part explores basic conceptions of capital. It begins by studying three approaches to capital: one based on utility, a second based on labour value and a third based on power. The discussion then broadens to examine these three approaches in relation to technology, the corporation and the state. The second part of the seminar deals with transformations of capital. This part introduces the twin concepts of dominant capital and differential accumulation. Using these concepts, the seminar explores the historical processes of corporate mergers, globalization, stagflation, imperialism and the new wars of the twenty-first century. (There could be some deviations from the course schedule and readings as we go along.)

FORMAT

Lectures and class discussion.

EVALUATION

The course grade comprises the following items:

	Weight	Maximum length	Due Date
Participation	10%	---	
Research Exercise 1	15%	---	October 25
Research Exercise 2	25%	---	November 15
Term Paper	50%	4,000 words	December 16

General. All work must be typed and should not exceed the specified word limit. Late submissions will be accepted only with a valid documented reason (medical or family misfortune); otherwise, they will be subject to a penalty of 10% per day.

Participation (10%)**.** You are allowed to miss 2 sessions without reason. Every additional no-show reduces your participation grade by 2%.

Research Exercises (15% and 25%). The two research exercises are to be done in pairs. The purpose of the exercises is threefold: (a) to familiarize you with some of the data sources available for the study of political economy; (b) to give you hands-on experience in obtaining, manipulating and interpreting empirical information; and (c) to make you appreciate the importance and limitations of facts.

Take Home Essay (50%). This essay is to be written individually. The purpose is for you to creatively combine theoretical discussion with empirical analysis.

TEXTS (AVAILABLE FROM THE BOOKSTORE)

Required

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy.* Cambridge: Cambridge University Press.
- Heilbroner, Robert. 1992. *Twenty-First Century Capitalism.* Toronto: Anansi.

Optional

- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences.* Annandale and London: Pluto Press Australia and Zed Books.
- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel.* London: Pluto Press (the book is also available in PDF format for a free download: http://bnarchives.yorku.ca/8/).
- Galbraith, John Kenneth. 1967. *The New Industrial State.* Boston: Houghton Mifflin Company.
- Mumford, Lewis. 1967. *The Myth of the Machine. Technics and Human Development.* New York: Harcourt, Brace & World, Inc.

SCHEDULE

- *Sep 6*: Introduction and Organization
- *Sep 13*: Rosh Hashana – No class

Part I: Conceptions of Capital

1. *Sep 20*: Capital, Capitalism and Political Economy
2. *Sep 27*: Utility and Value: Neoclassical Capital
3. *Oct 4:* Labour and Value: Marxist Capital
4. *Oct 11*: Power and Value: Veblen's Capital
5. *Oct 18*: Technology and Power
6. *Oct 25*: The Corporation

Part II: Transformations of Capital

7. *Nov 1*: Capital *AS* Power: Dominant Capital and Differential Accumulation
8. *Nov 8*: Mergers and Globalization
9. *Nov 15*: Stagflation
10. *Nov 22*: Capital and State: Imperialism and Beyond (I)
11. *Nov 29*: Capital and State: Imperialism and Beyond (II)

READINGS

The required readings are available from one of the following sources: (1) required textbook; (2) course kit; (3) York Library's 'eResources'; (4) specified URL.

Introduction and Organization

1. Capital, Capitalism and Political Economy

Required Readings

- Heilbroner, Robert. 1992. *Twenty-First Century Capitalism.* Toronto: Anansi. [required textbook; 118 pages]
- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy.* Cambridge: Cambridge University Press, 'Introduction' and Ch. 1: 'Politics and Economics,' pp. 1-32. [required textbook; 32 pages]
- Bichler, Shimshon, and Jonathan Nitzan. 2003. Political Economy: Past and Future. Mimeograph, Jerusalem and Tel Aviv. November, pp. 1-5. [http://bnarchives.yorku.ca/64/; 5 pages]

Optional Bibliography

- Dowd, Douglas. 2000. *Capitalism and Its Economics: A Critical History.* London and Sterling, Virginia: Pluto Press.

- Heilbroner, Robert. 1980. *The Worldly Philosophers. The Lives, Times, and Ideas of the Great Economic Thinkers*. Fifth ed. New York: Simon and Schuster.
- Huberman, Leo. 1936. [1961]. *Man's Worldly Goods. The Story of the Wealth of Nations.* New York: Monthly Review Press.

2. Utility and Value: Neoclassical Capital

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy.* Cambridge: Cambridge University Press, Ch. 4: 'Neoclassical Political Economy,' pp. 77-99. [required textbook; 23 pages]
- Hunt, E.K. (1992) *History of Economic Thought. A Critical Perspective* (New York: HaperCollins Publishers), Ch. 11, 'Neoclassical Theories of the Firm and Income Distribution: The Writings of Marshall, Clark and Böhm-Bawerk'; Ch. 16, 'Annulment of the Myth of the Measurable Productivity of Capital: The Writings of Sraffa,' pp. 351-388; 527-548. [course kit; 60 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2000. Capital Accumulation: Breaking the Dualism of 'Economics' and 'Politics'. In *Global Political Economy: Contemporary Theories*, edited by R. Palan. New York and London: Routledge, pp. 67-88. [http://bnarchives.yorku.ca/19/; 22 pages]

Optional Bibliography

- Braudel, F. (1979) *The Wheels of Commerce. Civilization & Capitalism 15th-18th Century. Vol. 2* (New York: Harper & Row, Publishers), 'Capital, capitalist, capitalism,' pp. 231-249.
- Fisher, Irvin. 1896. What is Capital? *The Economic Journal* 6 (24, December): 509-534. [eResources]
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences.* Annandale and London: Pluto Press Australia and Zed Books. Ch. 6, 'The Holy War Over Capital, pp. 129-147.
- OECD. 2001. *Measuring Capital. Measurement of Capital Stocks, Consumption of Fixed Capital and Capital Services.* OECD Manual. Paris: OECD Publication Services, http://www.oecd.org/dataoecd/61/57/1876369.pdf
- Robinson, Joan. 1962. *Economic Philosophy.* Chicago: Aldine Pub. Co. Ch. 3, 'The Neo-Classics: Utility,' pp. 48-70.
- Robinson, J. (1971) 'The Relevance of Economic Theory,' in J. Schwartz, J. (ed.). (1977) *The Subtle Anatomy of Capitalism* (Santa Monika: Goodyear), pp. 16-21.
- Robinson, Joan. 1981. *What Are the Questions? and Other Essays.* Armonk, NY: M. E. Sharpe. 'Controversy' (pp. 96-140).
- Schumpeter, J.A. (1954) *History of Economic Analysis*, Ed. from manuscript by E.B. Schumpeter (New York: Oxford University Press), Section 6.5 'Capital', pp. 625-645.
- Sraffa, Piero. 1926. The Law of Return Under Competitive Conditions. *The Economic Journal* 36 (144, December): 535-550. [eResources]
- Sraffa, Piero. 1960. *Production of Commodities by Means of Commodities. Prelude to a Critique of Economic Theory.* Cambridge: Cambridge University Press.
- Veblen, Thorstein. 1908. [1961]. Professor Clark's Economics. In *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell, pp. 180-230.

3. Labour and Value: Marxist Capital

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy.* Cambridge: Cambridge University Press, Ch. 3: 'Marxian Political Economy,' pp. 55-78. [required textbook; 24 pages]
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers. Ch. 9, 'Karl Marx,' pp. 249-303. [course kit; 55 pages]
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences.* Annandale and London: Pluto Press Australia and Zed Books. Ch. 13, 'Nothing to Lose But Their Minds,' pp. 269-299. [course kit; 31 pages]

Optional Bibliography

- Avineri, Shlomo. 1968. *The Social and Political Thought of Karl Marx.* London: Cambridge University Press, Chs. 2-3, pp. 8-64.
- Baumol, William J. 1974. The Transformation of Values: What Marx 'Really' Meant (An Interpretation). *Journal of Economic Literature* 12 (1, March): 51-62. [eResources]
- Castoriadis, Cornelius. 1984. Value, Equality, Justice, Politics: From Marx to Aristotle and from Aristotle to Ourselves. In *Crossroads in the Labyrinth*. Translated from the French by Kate Soper and Martin H. Ryle. Brighton, Sussex: The Harvester Press Limited, pp. 260-339.
- Elson, Diane. 1979. The Value Theory of Labour. In *Value. The Representation of Labour in Capitalism*, edited by D. Elson. London and Atlantic Highlands, N.J.: CSE Books and Humanities Press, pp. 115-180.
- Fine, Ben, and Laurence Harris. 1979. *Rereading Capital.* New York: Columbia University Press. Chs. 1-3, pp. 3-57.
- Foley, Duncan K. 2000. Recent Developments in the Labor Theory of Value. *Review of Radical Political Economics* 32 (1): 1-39.
- Foley, Duncan K. 1986. *Understanding Capital. Marx's Economic Theory.* Cambridge, Massachusetts and London, England: Harvard University Press.
- Harvey, David. 1982. [1999]. *The Limits to Capital.* London and New York: Verso. Ch. 1, 'Commodities, Values and Class Relations,' pp. 1-38.
- Howard, Michael Charles, and J. E. King. 1992. *A History of Marxian Economics. Volume II, 1929-1990.* Princeton, N.J.: Princeton University Press. Part IV, 'Value and Exploitation' (pp. 225-308).
- Kay, Geoffrey. 1979. Why Labour is the Starting Point of Capital. In *Value. The Representation of Labour in Capitalism*, edited by D. Elson. London and Atlantic Highlands, N.J.: CSE Books and Humanities Press, pp. 46-66.
- Robinson, Joan. 1962. *Economic Philosophy.* Chicago: Aldine Pub. Co. Ch. 2, 'The Classics: Value,' pp. 28-47.
- Robinson, Joan. 1981. Aspects of Marxism. In *What Are the Questions? and Other Essays*. Armonk, NY: M. E. Sharpe, pp. 155-202.
- Savran, Sungur, and Ahmet E. Tonak. 1999. Productive and Unproductive Labour: An Attempt at Clarification and Classification. *Capital & Class* (68, Summer): 113-152. [eResources]
- Sayer, Derek. 1987. *The Violence of Abstraction. The Analytic Foundations of Historical Materialism.* Oxford, UK and New York: Basil Blackwell.
- Shaikh, Anwar. 1990. Capital as a Social Relation. In *The New Palgrave. Marxian Economics*, edited by J. Eatwell, M. Milgate and P. Newman. New York and London: W.W. Norton & Company, pp. 72-78.

- Shaikh, Anwar M., and E. Ahmet Tonak. 1994. *Measuring the Wealth of Nations. The Political Economy of National Accounts.* Cambridge and New York: Cambridge University Press.
- Sweezy, Paul M. 1942. *The Theory of Capitalist Development. Principles of Marxian Political Economy.* New York and London: Modern Reader Paperbacks. 'Part One: Value and Surplus Value' and Ch. VII 'The Transformation of Values into Prices,' pp. 11-71, 109-130.
- Tsuru, Shigeto. 1993. *Institutional Economics Revisited*. Raffaele Mattioli lectures. Cambridge and New York: Cambridge University Press. Ch. One, 'Reappraisal of Marxian Political Economy as "Institutionalism" in the Broad Sense of the Term,' pp. 3-16.

4. Power and Value: Veblen's Capital

Required Readings

- Nitzan, Jonathan, and Shimshon Bichler. 2006. New Imperialism or New Capitalism? *Review* XXIX (1, April): 1-86., Section 3: 'Capital Accumulation: Theory in Paralysis' and Section 4: 'Capital As Power,' pp. 13-30. [http://bnarchives.yorku.ca/203/; 18 pages]
- Veblen, Thorstein. 1908. On the Nature of Capital. *Quarterly Journal of Economics* XXII (4, August): 517-542. [eResources; 26 pages]
- Veblen, Thorstein. 1908. On the Nature of Capital: Investment, Intangible Assets, and the Pecuniary Magnate. *Quarterly Journal of Economics* XXII (1, November): 104-136. [eResources; 33 pages]

Optional Bibliography

- De Soto, Hernando. 2000. *The Mystery of Capital. Why Capitalism Triumphs in the West and Fails Everywhere Else.* New York: Basic Books.
- Dorfman, Joseph. 1934. *Thorstein Veblen and his America.* New York: Viking Press.
- Dowd, Douglas Fitzgerald. 1965. *Thorstein Veblen. A Critical Reappraisal*. Lectures and essays commemorating the hundredth anniversary of Veblen's birth. Ithaca, New York: Cornell University Press.
- Dugger, William M., and Howard J. Sherman. 2000. *Reclaiming Evolution. A Dialogue Between Marxism and Institutionalism on Social Change.* London: Routledge.
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers, Ch. 12, 'Thorstein Veblen' (pp. 389-428).
- Nitzan, Jonathan. 1992. From Olson to Veblen: The Stagflationary Rise of Distributional Coalitions. Paper read at the annual meeting of The History of Economics Society, May 30 - June 2, at Fairfax, Virginia. [http://bnarchives.yorku.ca/176/]
- Riesman, David. 1953. *Thorstein Veblen. A Critical Interpretation.* New York: Scribner.
- Sweezy, Paul M. 1946. [1953]. Thorstein Veblen: Strengths and Weaknesses. In *The Present as History. Essays and Reviews on Capitalism and Socialism*. New York and London: Monthly Review Press.
- Sweezy, Paul M. 1991. Monopoly Capital After Twenty-Five Years. *Monthly Review* 43 (7): 52-57.
- Tilman, Rick. 1992. *Thorstein Veblen and His Critics, 1891-1963. Conservative, Liberal, and Radical Perspectives.* Princeton, New Jersey: Princeton University Press.
- Veblen, Thorestein. 1898. [1934]. The Beginning of Ownership. In *Essays in Our Changing Order*, edited by L. Ardzrooni. New York: The Viking Press, pp. 32-49.
- Veblen, Thorstein. 1904. [1975]. *The Theory of Business Enterprise.* Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics.

- Veblen, Thorstein. 1919. [1964]. *The Place of Science in Modern Civilisation and Other Essays.* New York: Russell & Russell.
- Veblen, Thorestein. 1919. [1934]. *The Vested Interest and the State of Industrial Arts.* New York:: B. W. Huebsch.
- Veblen, Thorstein. 1923. [1967]. *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*. With an introduction by Robert Leckachman. Boston: Beacon Press.
- Veblen, Thorestein. 1934. *Essays in Our Changing Order.* New York: The Viking Press.

5. Technology and Power

Required Readings

- Galbraith, John Kenneth. 1967. *The New Industrial State.* Boston: Houghton Mifflin Company. Read particularly Chs. I-XV (pp. 1-178). [course kit; 178 pages]
- Mumford, Lewis. 1967. *The Myth of the Machine. Technics and Human Development.* New York: Harcourt, Brace & World, Inc. Read cover to cover, with special emphasis on Chs. 6-11 (pp. 126-262). [course kit; 137 pages]

Optional Bibliography

- Galbraith, John Kenneth. 1958. *The Affluent Society.* Boston: Houghton Mifflin.
- Galbraith, John Kenneth. 1983. *The Anatomy of Power.* Aldershot Hants, England and Brookfield, Vermont, USA: Houghton Mifflin Company.
- Marcuse, Herbert. 1941. [1998]. Some Social Implications of Modern Technology. In *Technology, War and Fascism*, edited by D. Kellner. London and New York: Routledge, pp. 41-65.
- Mumford, Lewis. 1934. *Technics and Civilization.* New York: Harcourt Brace and Company.
- Mumford, Lewis. 1943. [1973]. Marx: Dialectic of Revolution. In *Interpretations and Forecasts: 1922-1972. Studies in Literature, History, Biography, Technics, and Contemporary Society*. New York: Harcourt Brace Jovanovich, Inc., pp. 199-208.
- Mumford, Lewis. 1970. *The Myth of the Machine. The Pentagon of Power.* New York: Harcourt, Brace Jovanovich, Inc.

6. The Corporation

Required Readings

- Coase, Ronald H. 1937. [1996]. The Nature of the Firm. In *The Economic Nature of the Firm. A Reader*, edited by L. Putterman and R. S. Kroszner. Cambridge: Cambridge University Press, pp. 89-104. [course kit; 16 pages]
- Marglin, S.A. 1974. [1996]. What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production. *Review of Radical Political Economics* 6 (2): 60-112. Reprinted in *Radical Political Economy: Explorations in Alternative Economic Analysis*, edited by V.D. Lippit. Armonk, N.Y. and London: Sharpe, pp. 19-59. [course kit; 41 pages]
- Zeitlin, Maurice. 1974. Corporate Ownership and Control: The Large Corporation and the Capitalist Class. *American Journal of Sociology* 79 (5): 1073-1119. [eResources; 47 pages]
- Arrighi, Giovanni, Kenneth Barr, and Shuji Hisaeda. 1999. The Transformation of Business Enterprise. In *Chaos and Governance in the Modern World System*, edited by G. Arrighi and B. J.

Silver. Minneapolis and London: University of Minnesota Press, pp. 97-150. [course kit; 54 pages]

Optional Bibliography

- Baran, Paul. A., and Paul M. Sweezy. 1966. *Monopoly Capital. An Essay on the American Economic and Social Order.* New York: Modern Reader Paperbacks. Ch. 2, 'The Giant Corporation' (pp. 14-51).
- Berle, Adolf Augustus, and Gardiner Coit Means. 1932. [1967]. *The Modern Corporation and Private Property*. Revised ed. New York: Harcourt, Brace & World.
- Blair, John M. 1972. *Economic Concentration: Structure, Behavior and Public Policy.* New York: Harcourt, Brace Jovanovich.
- Chandler, Alfred D. Jr. 1962. *Strategy and Structure. Chapters in the History of the Industrial Enterprise.* Cambridge, Mass.: The M.I.T. Press.
- Chandler, Alfred D. Jr. 1965. The Beginning of 'Big Business' in American Industry. In *New Views on American Economic Development. A Selective Anthology of Recent Work*, edited by R. L. Andreano. Cambridge, Mass.: Schenkman Publishing Company, pp. 277-306.
- Chandler, Alfred D. Jr. 1977. *The Visible Hand: The Managerial Revolution in American Business.* Cambridge: Harvard University Press.
- La Porta, Rafael, Frlorencio Lopez-De-Silanes, and Andrei Shleifer. 1999. Corporate Ownership Around the World. *Journal of Finance* 54 (2, April): 471-517. [eResources]
- Screpanti, E. 1999. Capitalist Forms and the Essence of Capitalism. *Review of International Political Economy* 6 (1): 1-26. [26 pages] [eResources]
- Scherer, F. M., and David Ross. 1990. *Industrial Market Structure and Economic Performance*. 3rd ed. Boston: Houghton Mifflin. Ch. 3, 'Industry Structure' (pp. 58-96).
- Edwards, Richard. 1979. *Contested Terrain. The Transformation of the Workplace in the Twentieth Century.* New York: Basic Books.
- Eichner, Alfred S. 1976. *The Megacorp and Oligopoly. Micro Foundations of Macro Dynamics.* Cambridge, England and New York: Cambridge University Press.
- Herman, Edward S. 1981. *Corporate Control, Corporate Power.* Cambridge and New York: Cambridge University Press.
- Scott, J. 1997. *Corporate Business and Capitalist Classes.* Oxford: Oxford University Press.
- Steindl, Josef. 1945. *Small and Big Business. Economic Problems of the Size of Firms*. Institute of Statistics, Monograph No. 1. Oxford: Basil Blackwell.
- Sweezy, Paul M. 1939. [1953]. Interest Groups in the American Economy. In *The Present as History. Essays and Reviews on Capitalism and Socialism*. New York and London: Monthly Review Press, pp. 158-188.
- Sweezy, Paul M. 1942. [1953]. The Illusion of the Managerial Revolution. In *The Present as History. Essays and Reviews on Capitalism and Socialism*. New York and London: Monthly Review Press, pp. 39-66.

7. Capital *AS* Power: Dominant Capital and Differential Accumulation

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy.* Cambridge: Cambridge University Press. Ch. 7, 'Power-Centered Approaches to Political Economy,' pp. 159-180. [required text; 22 pages]
- Sweezy, Paul M. 1991. Monopoly Capital After Twenty-Five Years. *Monthly Review* 43 (7): 52-57. [eResources; 8 pages]
- Nitzan, Jonathan. 1998. Differential Accumulation: Toward a New Political Economy of Capital. *Review of International Political Economy* 5 (2): 169-217. [http://bnarchives.yorku.ca/9/; 48 pages]

Optional Bibliography

- Bowles, Samuel, M. Franzini, and Ugo Pagano. 1999. *The Politics and Economics of Power.* London and New York: Routledge.
- Galbraith, John Kenneth. 1983. *The Anatomy of Power.* Aldershot Hants, England and Brookfield, Vermont, USA: Houghton Mifflin Company.
- Olson, Mancur. 1965. *The Logic of Collective Action. Public Goods and the Theory of Groups*. Harvard economic studies, Vol. 124. Cambridge, Mass.: Harvard University Press.
- Olson, Mancur. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities.* New Haven: Yale University Press. Read as much as you can, with special emphasis on Chs. 1-3 (pp. 1-75). [75 pages]
- Sherman, Howard J. 1985. Monopoly Capital vs. the Fundamentalists. In *Rethinking Marxism. Struggles in Marxist Theory. Essays for Harry Magdoff & Paul Sweezy*, edited by S. Resnick and R. Wolff. Brooklyn, NY: Autonomedia, pp. 359-377.

8. Mergers and Globalization

Required Readings

- Scherer, F. M., and David Ross. 1990. *Industrial Market Structure and Economic Performance*. 3rd ed. Boston: Houghton Mifflin. Ch. 5, 'Mergers: History, Effects, and Policy' (pp. 153-198) [course kit; 46 pages]
- Lebowitz, Michael A. 1985. The Theoretical Status of Monopoly Capital. In *Rethinking Marxism. Struggles in Marxist Theory. Essays for Harry Magdoff & Paul Sweezy*, edited by S. Resnick and R. Wolff. Brooklyn, NY: Autonomedia, pp. 185-203. [course kit; 19 pages]
- Nitzan, Jonathan. (2001) 'Regimes of Differential Accumulation: Mergers, Stagflation and the Logic of Globalization. *Review of International Political Economy* 8 (2): 226-274. [http://bnarchives.yorku.ca/3/; 49 pages]

Optional Bibliography

- Browne, Lynn E., and Eric S. Rosengren, eds. 1987. *The Merger Boom. Proceedings of a Conference Held in October 1987.* Melvin Village, New Hampshire: Federal Reserve Bank of Boston.
- Dicken, Peter. 2003. *Global Shift. Reshaping the Global Economic Map in the 21st Century*. 4th ed. London and New York: Guliford Press, Ch 7: Transnational Corporations, pp. 198-237.

- Hymer, Stephen H. 1960. [1976]. *The International Operations of National Firms: A Study of Direct Foreign Investment.* Cambridge, Mass and London, England: The MIT Press.
- Hymer, Stephen H. 1970. The Efficiency (Contradictions) of the Multinational Corporation. *American Economic Review, Papers and Proceedings* 60 (2, May): 441-448. [eResources]
- Hymer, Stephen H. 1972. [1975]. The Multinational Corporation and the Law of Uneven Development. In *International Firms and Modern Imperialism. Selected Readings*, edited by H. Radice. Harmondsworth, Middlesex, England: Penguin Books, pp. 37-62.
- Kindleberger, Charles Poor. 1984. Direct Investment in Less Developed Countries: Historical Wrongs and Present Value. In *Multinational Excursions*. Cambridge, Mass.: MIT Press, pp. 60-76.
- Kindleberger, Charles Poor. 1984. *Multinational Excursions.* Cambridge, Mass.: MIT Press.
- Lamoreaux, Naomi R. 1985. *The Great Merger Movement in American Business, 1895-1904.* Cambridge, England and New York: Cambridge University Press.
- Pitelis, Christos, and Roger Sugden, eds. 2000. *The Nature of the Transnational Firm*. 2nd ed. London and New York: Routledge.
- Pryor, Frederic L. 2001. Dimensions of the Worldwide Merger Boom. *Journal of Economic Issues* 35 (4, December): 825-840. [eResources]
- Ravenscraft, David J., and F. M. Scherer. 1987. *Mergers, Sell-Offs, and Economic Efficiency.* Washington, D.C.: The Brookings Institution.
- United Nations Conference on Trade and Development. Annual. *World Investment Report.* New York and Geneva: United Nations.

9. Stagflation

Required Readings

- Hirschman, Albert O. 1985. Reflection on the Latin American Experience. In *The Politics of Inflation and Economic Stagnation*, edited by L. N. Lindberg and C. S. Maier. Washington D.C.: Brookings Institution, pp. 53-77. [course kit; 25 pages]
- Kotz, David M. 1982. Monopoly, Inflation, and Economic Crisis. *Review of Radical Political Economics* 14 (4): 1-17. [course kit; 17 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel.* London: Pluto Press, Ch. 4: 'The Making of Stagflation,' pp. 137-197 [http://bnarchives.yorku.ca/8/; 61 pages]

Optional Bibliography

- Ackley, G. 1959. Administered Prices and the Inflationary Process. *American Economic Review, Papers and Proceedings* 49 (2, May): 419-430. [eResources]
- Blair, John M. 1974. Market Power and Inflation: A Short-Run Target Return Model. *Journal of Economic Issues* 8 (2, June): 453-478.
- Fischer, David Hackett. 1996. *The Great Wave. Price Revolution and the Rhythm of History.* New York and Oxford: Oxford University Press.
- Hall, R. L., and C. J. Hitch. 1939. Price Theory and Business Behaviour. *Oxford Economic Papers* (2): 12-45.
- Kalecki, Michal. 1943. [1971]. Costs and Prices. In *Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970.* Cambridge: Cambridge University Press, pp. 43-61.
- Kotz, David M. 1982. Monopoly, Inflation, and Economic Crisis. *Review of Radical Political Economics* 14 (4): 1-17.

- Kirshner, Jonathan. 1998. Disinflation, Structural Change, and Distribution. *Review of Radical Political Economy* 30 (1, Winter): 53-90. (eResources)
- Means, Gardiner C. 1935. Price Inflexibility and Requirements of a Stabilizing Monetary Policy. *Journal of the American Statistical Association* 30 (June): 401-413. (eResources)
- Nitzan, Jonathan. 1990. Inflation and Market Structure. Discussion Paper, Department of Economics, McGill University, Montreal, pp. 1-59. [http://bnarchives.yorku.ca/161/]
- Nitzan, Jonathan. 1990. Macroeconomic Perspectives on Inflation and Unemployment. Discussion Paper, Department of Economics, McGill University, Montreal, pp. 1-46. [http://bnarchives.yorku.ca/159/]
- Nitzan, Jonathan. 1990. Price Behaviour and Business Behaviour. Discussion Paper, Department of Economics, McGill University, Montreal, pp. 1-33. [http://bnarchives.yorku.ca/160/]
- Nitzan, Jonathan. 1992. From Olson to Veblen: The Stagflationary Rise of Distributional Coalitions. Paper read at the annual meeting of The History of Economics Society, May 30 - June 2, at Fairfax, Virginia. [http://bnarchives.yorku.ca/176/]
- Weintraub, Sidney. 1978. *Capitalism's Inflation and Unemployment Crisis. Beyond Monetarism and Keynesianism.* Reading, Mass. Don Mills, Ont.: Addison-Wesley.

10 & 11. Capital and State: Imperialism and Beyond

Required Readings

- Arrighi, Giovanni. 1993. The Three Hegemonies of Historical Capitalism. In *Gramsci, Historical Materialism and International Relations*, edited by S. Gill. Cambridge: Cambridge University Press, pp. 148-185. [course kit; 38 pages]
- Magdoff, Harry. 1972. Imperialism. A Historical Survey. In *Imperialism: From the Colonial Age to the Present. Essays by Harry Magdoff*. New York: Monthly Review Press, pp. 94-113. [course kit; 20 pages]
- Harvey, David. 2003. The 'New' Imperialism: Accumulation by Dispossession. In *The New Imperial Challenge. Socialist Register 2004*, edited by L. Panitch and C. Leys. London: Merlin Press, pp. 62-87. [course kit; 26 pages]
- Machover, Moshé. 1999. The 20th Century in Retrospect. *Worker's Liberty* (# 59): 1-13. [course kit; 13 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel.* London: Pluto Press, Ch. 5: 'The Weapondollar-Petrodollar Coalition,' pp. 198-273 [http://bnarchives.yorku.ca/8/; 86 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2006. New Imperialism or New Capitalism? *Review* XXIX (1, April): 1-86. [http://bnarchives.yorku.ca/203/; 86 pages]

Optional Bibliography

- Arrighi, Giovanni, and Beverly J. Silver. 2001. Capitalism and World (Dis)order. *Review of International Studies* 27 (Special Issue, December): 257-279.
- Bichler, Shimshon, and Jonathan Nitzan. 2004. Dominant Capital and the New Wars. *Journal of World-Systems Research* 10 (2, August): 255-327. [http://bnarchives.yorku.ca/1/]
- Brewer, Anthony. 1990. *Marxist Theories of Imperialism. A Critical Survey.* London and New York: Routledge.
- Hardt, Michael, and Antonio Negri. 2000. *Empire.* Cambridge, Mass.: Harvard University Press.
- Hobson, John. A. 1902. [1965]. *Imperialism. A Study.* Ann Arbor: University of Michigan Press.

- Hudson, Michael. 2003. *Super Imperialism. The Origin and Fundamentals of U.S. World Dominance*. 2nd ed. London and Sterling, Va.: Pluto Press.
- Kautsky, Karl. 1970. Ultra-Imperialism. Original German version published in 1914. *New Left Review* 59 (Jan/Feb): 41-46.
- Lenin, Vladimir I. 1917. [1987]. Imperialism, The Highest State of Capitalism. In *Essential Works of Lenin. 'What Is to Be Done?' and Other Writings*. New York: Dover Publications, Inc., pp. 177-270.
- Magdoff, Harry. 1969. *The Age of Imperialism. The Economics of U.S. Foreign Policy*. 1st Modern Reader ed. New York: Monthly Review Press.
- Mann, Michael, Giovanni Arrighi, Jason W. Moore, Robert Went, Kees van der Pijl, and William I. Robinson. 2001-2002. The Transnational Ruling Class Formation Thesis: A Symposium. *Science & Society* 65 (4, Winter): 464-508. [eResources]
- Marx, Karl. 1909. *Capital. A Critique of Political Economy*. 3 vols. Chicago: Charles H. Kerr & Company, Vol. 1, 'Genesis of the Industrial Capitalist' and 'Historical Tendency of Capitalist Accumulation,' pp. 822-837.
- Nitzan, Jonathan, and Shimshon Bichler. 2003. It's All About Oil. *News From Within* XIX (1, January): 8-11. [http://bnarchives.yorku.ca/38/]
- Nitzan, Jonathan, and Shimshon Bichler. 2004. Clash of Civilization, or Capital Accumulation? *News From Within* XX (3, June-July): 4-6. [http://bnarchives.yorku.ca/28/]
- Nitzan, Jonathan, and Shimshon Bichler. 2006. Cheap Wars. *Tikkun*, August, 9. [http://bnarchives.yorku.ca/205/]
- O'Meara, Dan. 2006. 'American Empire' and 'US Imperialism' After the War in Iraq?: The American State in the Contemporary Global Order. *Labour, Capital and Society* 39 (1): 4-33. [eResources]
- Radice, Hugo, ed. 1975. *International Firms and Modern Imperialism. Selected Readings*. Harmondsworth, Middlesex, England: Penguin Books.
- Radice, Hugo. 1999. Taking Globalization Seriously. In *Socialist Register 1999. Global Capitalism Versus Democracy*, edited by L. Panitch and C. Leys. London: Merlin Press, pp. 1-28.
- Robinson, William I., and Jerry Harris. 2000. Toward A Global Ruling Class? Globalization and the Transnational Capitalist Class. *Science & Society* 64 (1, Spring): 11-54. [eResources]
- Schumpeter, J. [1919] (1955) *Imperialism and Social Classes. Two Essays*, Introduction by B. Hoselitz, Translated by H. Norden (New York: Meridian Books), 'The Problem,' pp. 3-7, 'Imperialism and Capitalism,' pp. 64-98 (and endnotes, pp. 172-176). [course kit; 35 pages]
- Shaikh, Anwar. 1978. An Introduction to the History of Crisis Theories. In *Capitalism in Crisis*: The Union for Radical Political Economics, pp. 219-241.
- Veblen, Thorstein. 1915. [1966]. *Imperial Germany and the Industrial Revolution*. Introduction by Joseph Dorfman. Ann Arbor: The University of Michigan Press.
- Vernon, Raymond. 1977. *Storm Over the Multinationals: The Real Issues.* Cambridge, Mass.: Harvard University Press.
- Vernon, Raymond. 1998. *In the Hurricane's Eye. The Troubled Prospects of Multinational Enterprises.* Cambridge, Mass.: Harvard University Press.
- Went, Robert. 2002-2003. Globalization in the Perspective of Imperialism. *Science & Society* 66 (4, Winter): 473-497. [eResources]

RESEARCH EXERCISES 1 AND 2

Purpose. The purpose of the exercises is threefold: (a) to familiarize you with some of the data sources available for the study of the political economy; (b) to give you hands-on experience in obtaining, manipulating and interpreting empirical information; and (c) to make you appreciate the importance and limitations of facts.

Work in pairs. Working with someone else is beneficial for a number of reasons. First, discussing and debating your ideas is a catalyst for the imagination. Second, it helps prevent panic when things don't work out. And, third, it gives me less to grade. If you nevertheless want to work alone, that's OK, but clear it with me first.

Start immediately. Things always take longer than you think. Attend one of the library instruction sessions (see schedule below), and start working on the first exercise.

Back up your work. Computers can be quick to eliminate any trace of your work if you are not careful. Make sure to save frequent backups.

Excel. There are no shortcuts here. You should familiarize yourself with this spread sheet programme, simply since it is the most widely used. If you know how to plot data in another programme, that's fine too.

Presentation. Pay very close attention to aesthetics. Write your answers with care, trying to be concise but precise. Type your answers and print your tables and charts neatly.

Library database instructions. I have arranged with Walter Giesbrecht of Scott Library (walterg@yorku.ca) to offer a basic instruction session to students in this seminar. The instruction will cover: (a) the World Bank's *World Development Indicators*, (b) *International Statistical Yearbook* and (c) *Global Insight.* Two identical sessions will be given early in the term. You are required to attend one of them:

- Session I: Tuesday, September 11, 2006, 19:00-20:00, Scott Library, Instruction Room 531.
- Session II: Wednesday, September 19, 2006, 19:00-20:00, Scott Library, Instruction Room 531

The session will help you get started with the first assignment. The librarians are also very helpful beyond the seminar. Don't be shy to seek help – with the databases as well as with other questions. The library resource page for this course, along with data pointers and explanations, is here: http://www.library.yorku.ca/cms-resolver/?item_id=6091698 .

Exercise 1 (15%)

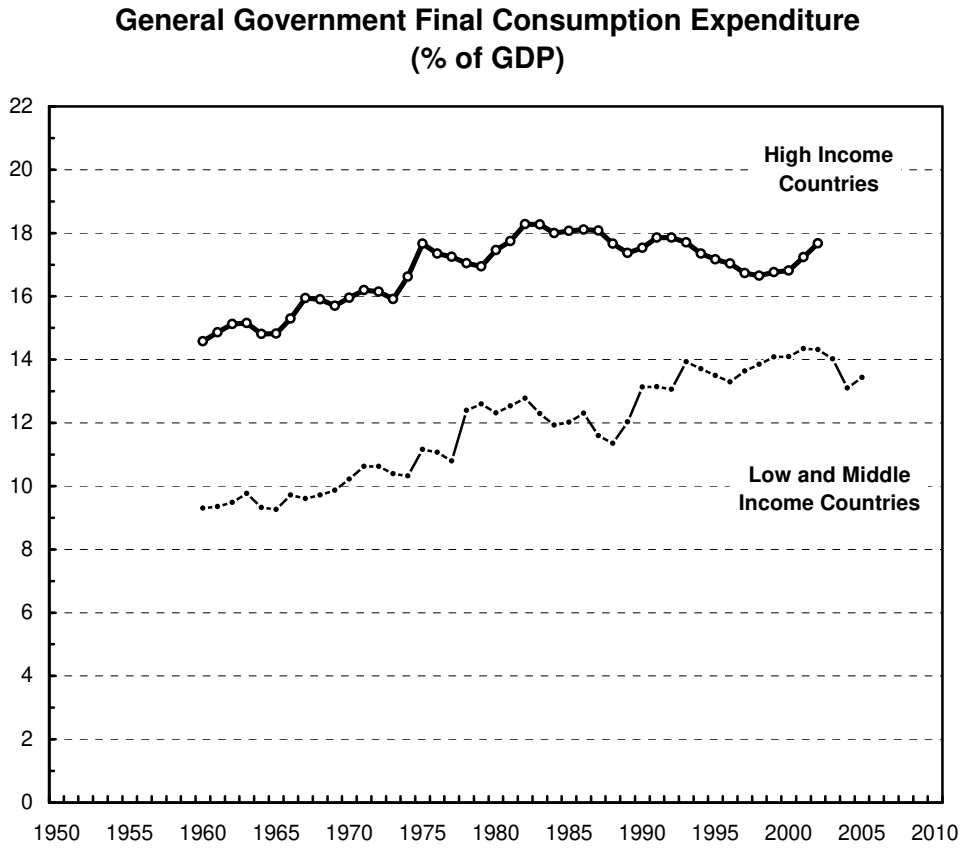
Due date. October 25, hard copy in class.

Data and presentation. This exercise uses World Bank's *World Development Indicators*; it requires you to use Microsoft Excel or a comparable charting programme.

Questions

1. (75%) Using data from the World Bank's *World Development Indicators*, plot the 'General Government Final Consumption Expenditure (% of GDP)' for both the 'High Income countries' and the 'Low and Middle Income countries.' The data begin in 1960 and extend to the mid 2000s (the World Bank constantly updates its data, so your own figure may include additional/modified observations). Using Excel to chart the result, try to make your figure look exactly as the one given below (including chart proportions, font size, line style, etc.). You should hand in the Excel sheet of the graph with your answer.

2. (25%) Using the data charted in your figure, assess the following statement: 'Since the early 1980s, the hallmark of neo-liberalism was smaller government.' Differentiate between the experience of high income countries on the one hand and low and middle income countries on the other (Maximum 250 words).



NOTE: Cutoff point between Middle and High Income countries: 11,116 Gross National Income per Capita in 2006.
SOURCE: *World Development Indicators* 2007

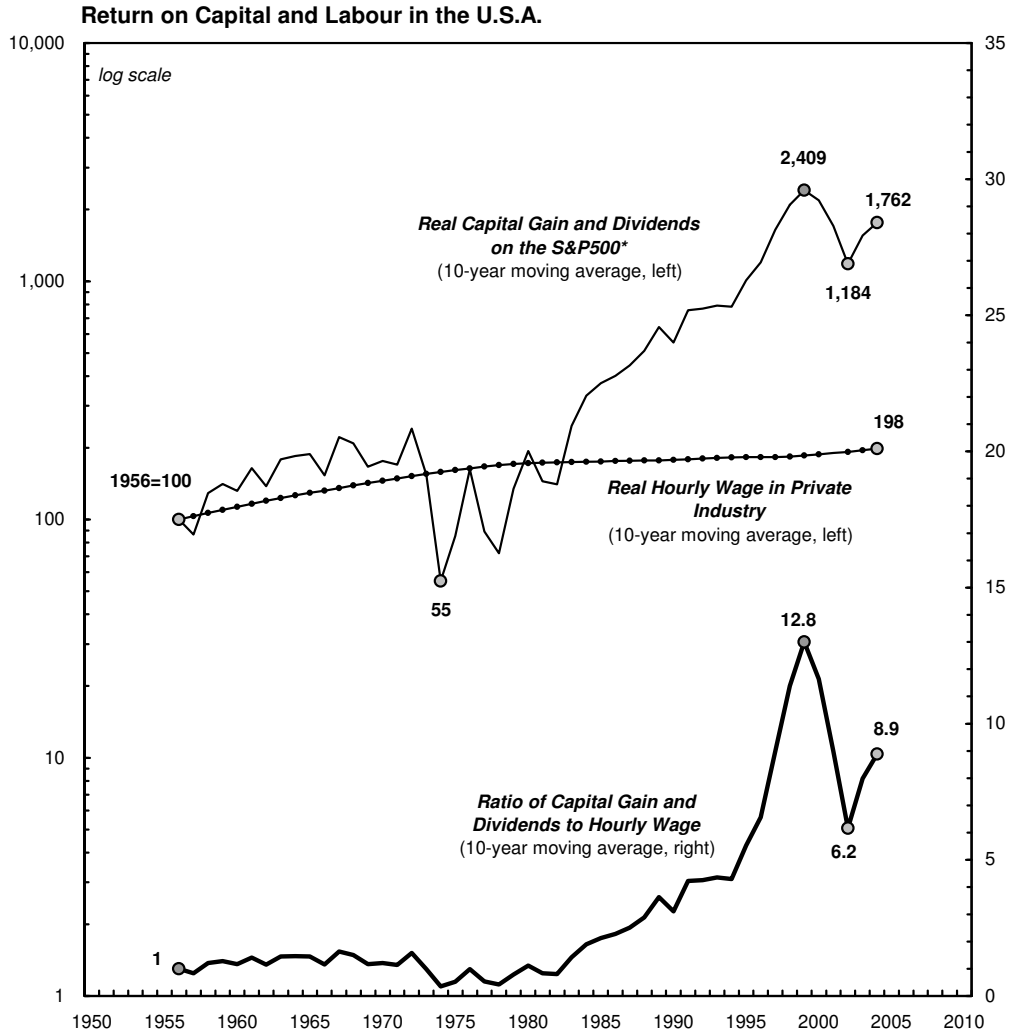
Exercise 2 (25%)

Due date. November 15, hard copy in class.

Data and presentation. This exercise uses data that can be retrieved from *World Development Indicators*, the *International Statistical Yearbook* or *Global Insight* (you can use other sources if you wish). The exercise also requires you to use Excel or a comparable charting programme. Document your data, including the sources and variable names, and explain all your computations.

Questions

1. (25%) The top part of the figure below compares two U.S. time series. One series is the 'real' hourly wage rate in private industry. The other series, also expressed in 'real' terms, is the sum of capital gains and dividends earned from investing in the S&P500 index. The bottom part of the figure computes a 'differential' index: the ratio between the nominal wage and the nominal capital gains and dividends. (a) Explain the difference between nominal and 'real' measures of income. (b) Explain the meaning of a 'differential' index and how it differs from 'real' measures of income. (c) What conclusions can you draw from the data in the figure? (up to 500 words).



NOTE: real series are computed by deflating nominal data by the CPI.
* Capital gains and dividends is the difference between successive values of the S&P500 Total Return Index.
SOURCE: U.S. Bureau of the Census through Global Insight; Global Financial Data (www.globalfindata.com)

2. (25%) Using time series data for a country of you choice (other than the United States), produce a chart similar to the one plotted on the previous page. The chart should compare the evolution of the 'real' wage rate to the evolution of 'real' capital gains from investing in the stock market. Note that capital gains/losses denote the increase or decrease of the market index between successive years (in the computation, you can use either the stock price index or the stock market total return index). The chart should also calculate the 'differential' ratio between the gains from investing in the stock market on the one hand, and the wage rate on the other. What conclusions can you draw from your computations? (up to 400 words).

   (25%) Assess the following claim for a country of your choice: 'The rise of neoliberalism since the early 1980s has made [country X] more unstable.' Your answer should be based on the historical evolution of the following three variables, each plotted on a separate chart. Go back with the data as far as you can, so as to make the comparisons historically meaningful (up to 400 words).

   a. The annual rate of growth of GDP, using quarterly data. This index should show the per cent rate of change of 'real' GDP, measured between the same quarters in successive years (e.g. Q1 1998 relative to Q1 1997).
   b. The annual rate of growth of the country's stock market index, expressed in 'real' terms, and using monthly data. This index should show the per cent rate of change of the 'real' stock market index, measured between the same months in successive years (e.g., Jan 1998 relative to Jan 1997).
   c. The annual rate of change of the country's exchange rate relative to the $US, using monthly data. This index should show the rate of change of the exchange rate, measured between the same months in successive years (e.g., Dec 2005 relative to Dec 2004).

3. (25%). For a corporation of your choice, obtain the following annual time-series data for at least 10 years: (a) net profit after taxes, and (b) sales revenues. Compute the time series for the corporation's markup (the ratio of net profit to sales revenues). Plot all three series on the same chart (profit and sales on the left axis, the markup on the right axis). Document the exact sources of your data, including variable names when appropriate (try to quantify your answer by assessing the relative deviations of each variable). What is the main cause for the change in profit – changes in sales or changes in the markup? What conclusion can you draw from this answer? (up to 400 words).

TERM PAPER (50%)

Due date. December 16 (a Word file – not PDF – emailed as an attachment to nitzan@yorku.ca).

Instructions. Write an essay on one of the topics listed below. Your paper should provide a thoughtful theoretical examination of the issue, backed by empirical evidence. The theoretical arguments should draw on the course material and readings (required and optional); you are encouraged (but not obliged) to use additional sources. The empirical evidence could draw on secondary sources, but it must also contain your own data analysis using the skills acquired in the course. The listed topics are very broad. This generality gives you considerable flexibility; but it also means that you have to carefully – and explicitly – narrow down your question/topic to make it manageable.

The paper must be emailed to me by December 16 as a single Word attachment. Make sure this single attachment includes all text and graphics (insert graphics by using "paste special" → "as picture"; this method of pasting will reduce the file size). The paper should not be longer than 4,000 words of text (including references and notes), plus charts and tables. Longer papers will not be accepted.

How to write the paper. Your ingenuity and in-depth understanding will be lost unless expressed clearly. Pay attention to the structure of the essay, writing style, grammar and presentation: (a) in your introduction, specify clearly the purpose, hypothesis and method of your paper; (b) make sure you deliver on what you promise; and (c) re-read and re-edit your paper several times before handing it in.

Topics

1. 'Capital has become the most important form of politics, both domestically and globally.' Write an essay articulating your agreement or disagreement with the above statement.

2. 'The late 1990s were a bubble economy, in which financial markets were increasingly de-linked from the real world.' Discuss critically the logic and empirical bases of this statement.

3. Who rule the corporation, how do they rule it, and why does it matter? Assess these questions theoretically and empirically.

4. 'Money and finance are essentially mechanisms of intermediation. They help the real economy function, but have little impact on the final outcomes themselves.' Critically assess the theoretical debates and historical evidence pertaining to this statement.

5. Examine the political economy of privatization in a country of your choice. What were the causes? Who benefited, who lost and how? What were the broader ramifications for society? (Some interesting countries to look at: Argentina, Brazil, China, Israel and Russia, among others.)

6. During the Apartheid era, South African capital was subject to capital controls. Most of these controls were lifted during the 1990s. Assess the impact of this change on the political economy of the country.

7. 'A growing proportion of financial assets is owned by workers through pension funds. If this trend continues, the basic conflict between capital and labour will eventually be eliminated.' Do you agree with the first part of this statement? Do you agree with its conclusion?

8. 'Real investment brings growth and prosperity, whereas financial investment is fictitious and wasteful. Capitalist prosperity therefore depends encouraging the former and restricting the latter.' Assess the validity of this claim in light of the theoretical and empirical connection between capitalist production and capitalist ownership.

9. Is 'economics' a science or is it an ideology? Discuss from at least two different perspectives.

10. Can 'capital' be measured? Discuss from three different perspectives.

11. Compare and contrast the fundamental assumptions of the 'utility,' 'labour value' and 'power' theories of capital.

12. 'Capital accumulation requires a state.' Assess this statement theoretically and empirically.

13. Over the past fifty years, economic growth in the industrial countries has trended downward. Explain this process from the perspective of at least two theories of capital accumulation.

14. Since the 1940s, the developed countries have experienced uninterrupted inflation. Was this inflation 'good' or 'bad' for capital accumulation? Discuss from the viewpoint of at least two different theories of accumulation.

15. Where does the 'normal rate of return' come from? Answer this question from two theoretical viewpoints and, if possible, support your answers with empirical evidence.

16. Using charts, examine the long term correlation between inflation and growth in 3 countries of your choice. How are your finding related to the process of capital accumulation?

17. Examine the effects of 'globalization' on capital accumulation in a country of your choice.

18. Write a paper that analyses, empirically and/or theoretically, the relationship between power and accumulation in a country of your choice.

19. Examine, theoretically and/or empirically, the process of corporate centralization in a sector or a country of your choice.

20. Is contemporary capitalism 'imperialist'? Examine this question analytically and empirically.

21. 'The new wars of the 21st century are necessary for capital accumulation.' Using theory and empirical evidence, explain why you agree or disagree.

22. Is knowledge a 'factor of production'? How do intellectual property rights affect the process of capital accumulation? Examine these questions analytically and empirically.

23. 'The environment is a public 'externality'; privatizing it will boost the accumulation of capital.' Assess the theoretical and empirical validity of this statement.

24. Examine the underlying political economy of accumulation for a particular corporation or group of corporations.